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1. The Dal-Bank in Dairen is a private limited company whose shares are owned by Russians living in the USSR.<sup>1</sup> In fact the bank is a branch of Gos-Bank, the Soviet State Bank. In 1945 a head office of Dal-Bank was set up at Changchun, with branches at Mukden and Dairen. The head office was liquidated in 1946 and since that date the Mukden and Dairen branches have been responsible to UIINO, a department of Gos-Bank responsible for activities abroad. Dal-Bank, which replaced the Russo-Asiatic Bank which operated until the Japanese occupation, is the only Soviet Bank in Manchuria.
2. The Dairen branch is in the former Japanese Yokohama Specie Bank at 1 Oyama Dori. Although the Dal-Bank is a Soviet state organization, the USSR attempts to make it appear to be a private concern. Personnel leaving Moscow to take up employment with Dal-Bank receives a few shares in Dal-Bank in his own name, but these are withdrawn on the employee's return to Moscow.
3. The staff of the Dairen branch consists of 3 local Russians, 35 Chinese and 13 Soviet Russians. The responsible positions are held by the Russians, while the Chinese are cashiers or laborers. All correspondence is done in Russian. The management consists of the manager, chief bookkeeper, and an economic adviser. The remaining Russian employees are bookkeepers. The Bank has the following four departments: current accounts, loans, transfers 25X1X and a department for the arrangement of loans for the repair of shipping.

4. [REDACTED]

By this procedure the Bank financed all Soviet industrial and commercial enterprises. Dal-Bank also collects at the present all payments for Soviet goods marketed in the district.

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5. Deposits are one of the main sources of funds used to increase the operational field of the Bank. Deposits are made by the following three groups:
  - a. Soviet organizations, such as Torgpredsto, a company dealing with trade between the USSR and China; the Dal-Dok Ship Repair Enterprise; the Churin Company; Dairen Port; railroad companies; and commercial cooperatives, hospitals, etc.
  - b. Sino-Soviet institutions, including Dal-Energo (Far Eastern Power Trust)<sup>2</sup> and its subsidiaries, and the Kwantung Ryba (Soviet Fishery Trust).
  - c. Private Chinese firms and merchants. Deposits made by Soviet organizations constituted 70 percent, those by Sino-Soviet organizations 25 percent, and the remaining 5 percent are private deposits.
6. Loans are made not only to Soviet and Sino-Soviet institutions, but also to Chinese State enterprises and to private companies. The former must give bonds as security, while the latter have to deposit gold at the rate of 16.5 grs. per 1,000 Yuan. There is also discrimination in the rate of interest, the former payment 6 percent and the latter 12 percent.
7. Up to 1949, the Dal-Bank issued bank notes. The Soviet military authorities at that time issued money as they wished, and these notes were countersigned by Dal-Bank. The Chinese banks also received money in the form of loans from Dal-Bank. In 1949 the issuance of bank notes was transferred to the Kwantung Bank, whose notes are printed in the USSR and bear only the Bank's name.
8. There have been three monetary reforms in the period between 1945 and 1950. The first took place in 1947, when an attempt was made to increase the value of the Yuan. The procedure was as follows: Special stamps were stuck on the notes issued by the Soviet military authorities, and every citizen was permitted to exchange a maximum of 5,000 old Yuans against 5,000 new ones. Money in excess of this sum had to be paid into a special account, the equivalent of which was to be paid six months later according to the old rate of exchange. The greater part of the population did not believe in this arrangement and did not pay in their notes, as a result of which they suffered considerable losses. Soviet and Sino-Soviet institutions did not lose in this reform as all their money was exchanged. The second reform took place in 1949.<sup>3</sup> The new bank notes, with the additional stamps, were exchanged for bank notes issued by the Kwantung Bank. The population was again paid one new Yuan for one old one up to an amount of 5,000 Yuan, and above this amount at the rate of 10 to 1. Soviet and Sino-Soviet enterprises could again exchange all their money at the rate of one old for one new Yuan. The third reform, which took place in 1950, aimed at standardizing all currency circulating in Manchuria. All currency was exchanged by the Chinese Communist Northeast Bank at the rate of one old note against 270 new ones, thus reducing the value of the money.<sup>4</sup> These reforms were managed by four Soviet experts who had done the same in Bulgaria, Hungary and Rumania. The committee was headed by a Russian called Bezrukow, who at the end of 1950 served as economic adviser to the provincial government at Mukden. 25X1X
9. [REDACTED] was 1,500 Yuan. There was no official rate. The official rate for one Ruble was 4 Yuan and 7.20 Rubles equalled U.S. \$1.
10. Dal-Bank does not deal in foreign currency. An order published in Tientsin at the end of 1950 stated that persons in possession of U.S. dollars were to hand them over to the Chinese Banks, which paid 35,000 Yuan for one dollar. The only Chinese Bank in Dairen was the Kwantung Bank, a branch of the Chinese Communist Northeast Bank. In 1947-48 the Dairen branch of Dal-Bank transferred thousands of kilograms of gold to the USSR. This gold was received from Chinese firms, the largest of which were Fuchan and Chien Hsin,<sup>5</sup> against ammunition supplied by the USSR to Communist China.

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- 25X1A 1. Comment. According to information dated November 1946, the Dal-Bank was at one time a private financial corporation whose original capitalization was made before World War II. During the Soviet occupation of Manchuria (August 1945 - April 1946), the Dal-Bank became a Soviet state bank with the head office in Changchun, and branches in Dairen, Mukden, and Harbin. About 70 percent of the original shares of the bank were sold to VNESTORG, a holding company, and the remainder to private individuals. During the Chinese Nationalist control of Manchuria, the Mukden branch had very little contact with the Dairen branch of the Bank.
- 25X1A 2. Comment. The management of former Japanese industrial enterprises in Dairen by the Far Eastern Power Trust (Dal Energo) was reported in [REDACTED]
- 25X1A 3. [REDACTED]
- carried out on 15 November 1948 by the Chinese Communist Government on apparent orders from the Soviet administration. It was reported that the old currency was replaced by Soviet occupation script and new Kwantung Bank notes of 1, 5, 10, and 100 Yuan denominations. The printing of the Kwantung Bank notes in the Soviet Union and the conversion rates from old to new currencies are confirmed by this reference.
- 25X1A 4. Comment. In June 1950 the Government Administrative Council ordered the Northeast People's Government to collect Kwantung Currency and remove it from circulation. The currency was exchanged at the rate of 270 units of Northeast Currency to 1 unit of Kwantung Currency. In April 1951 the People's Bank of China began to remove Northeast Currency from circulation at the exchange rate of JMP 1 per 1,000 units of Northeast Currency (see [REDACTED]). It is believed that JMP is the only currency in use on Kwantung Peninsula at the present time.
- 25X1A 5. Comment. According to information available to this office, the Chien Hsin Company operates munition and industrial enterprises which were originally taken over by Soviet occupation forces, but were turned over to the Chinese Communists in the summer of 1947. See [REDACTED] for further information on the Chien Hsin Company.
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